

Global Macro Outlook

Jim O'Neill

Chairman, Goldman Sachs Asset Management

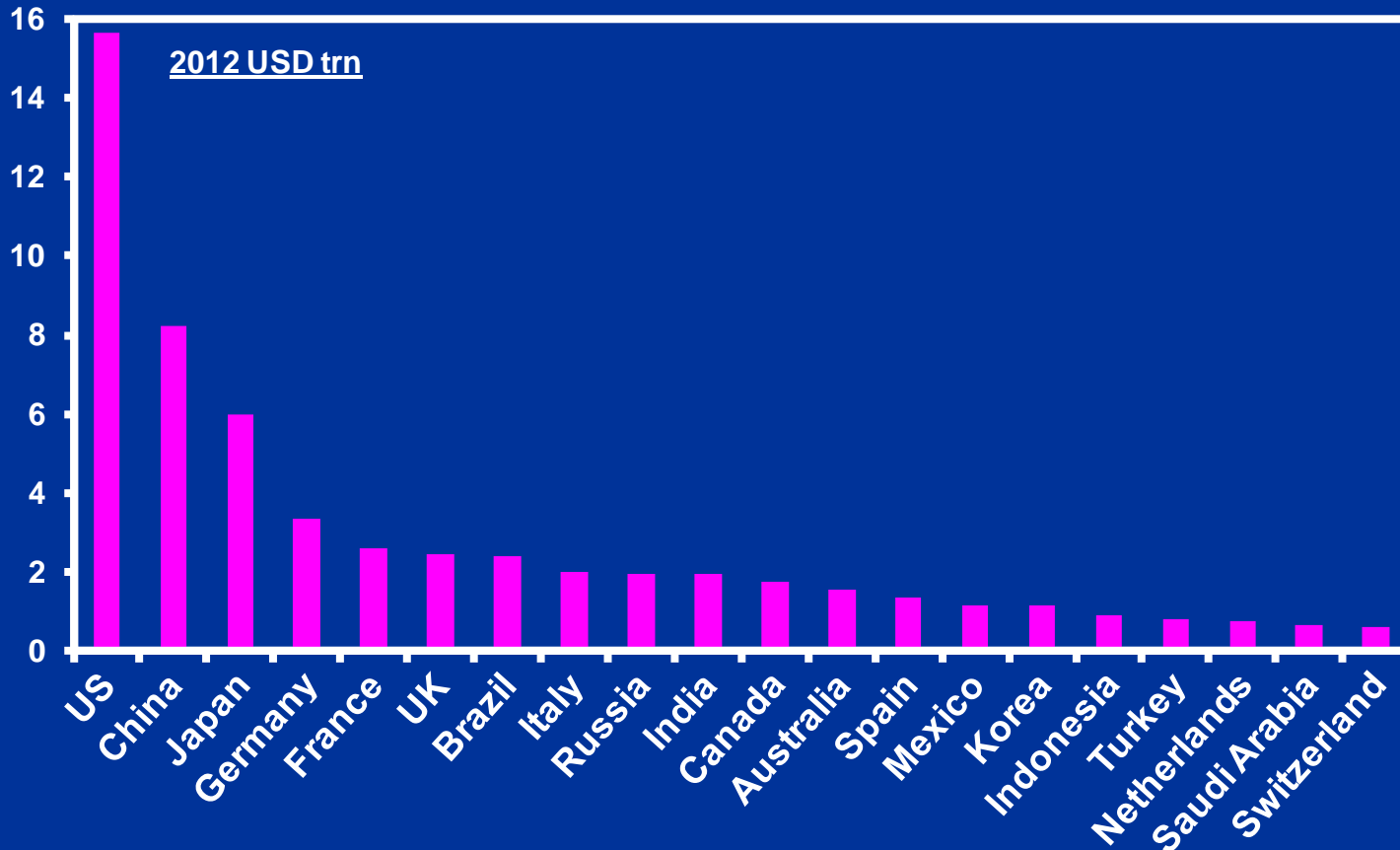
April 2013

World Top 20 Population

	Population, millions
China	1,359
India	1,275
U.S.	318
Indonesia	247
Brazil	200
Pakistan	183
Nigeria	171
Bangladesh	154
Russia	143
Japan	126
Mexico	117
Philippines	98
Vietnam	91
Ethiopia	88
Egypt	85
Germany	82
Iran	76
Turkey	75
Congo, Dem Rep	71
Thailand	70

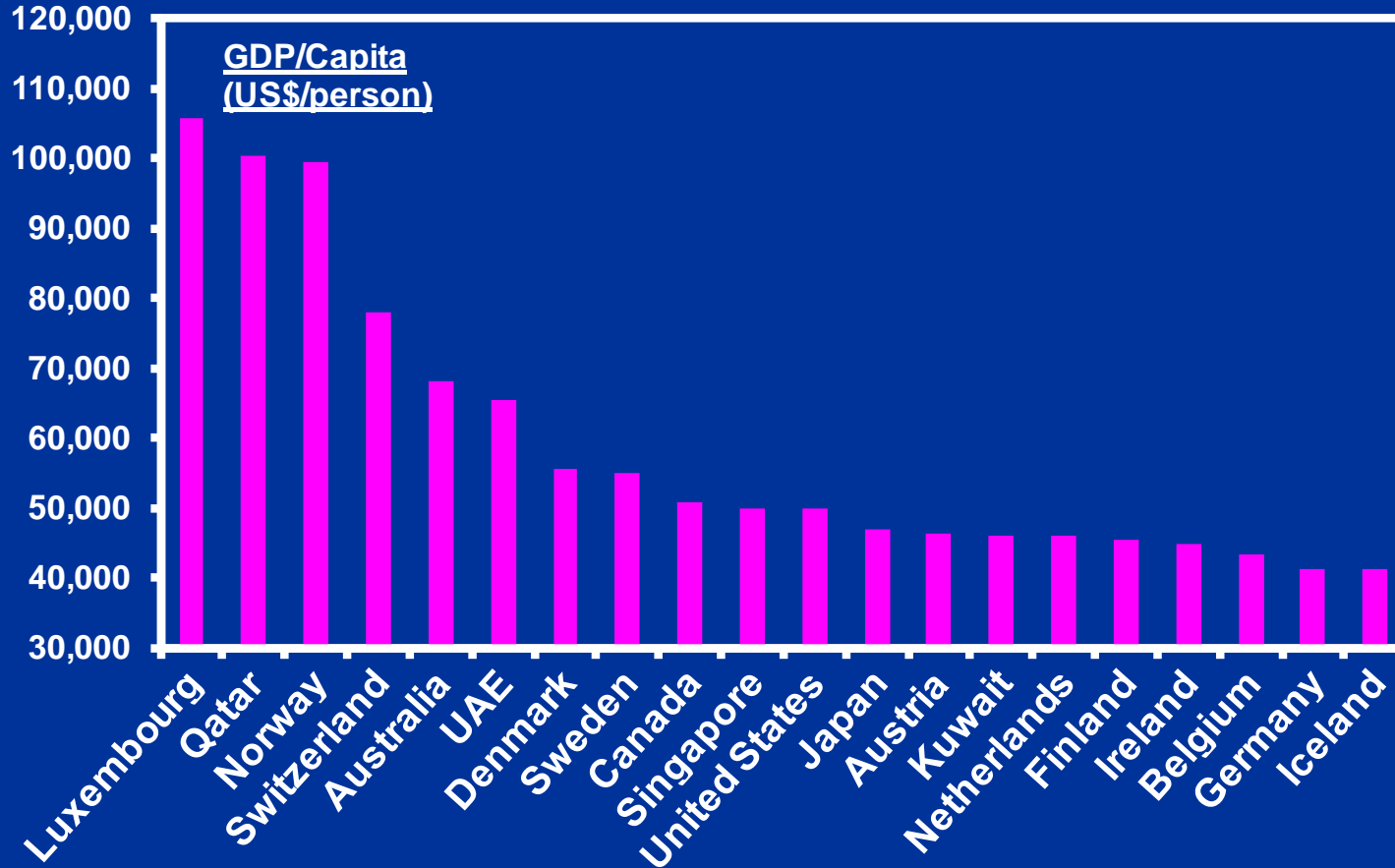
**Source: UN Population
Statistics for 2013**

World Top 20 GDP (current US\$)



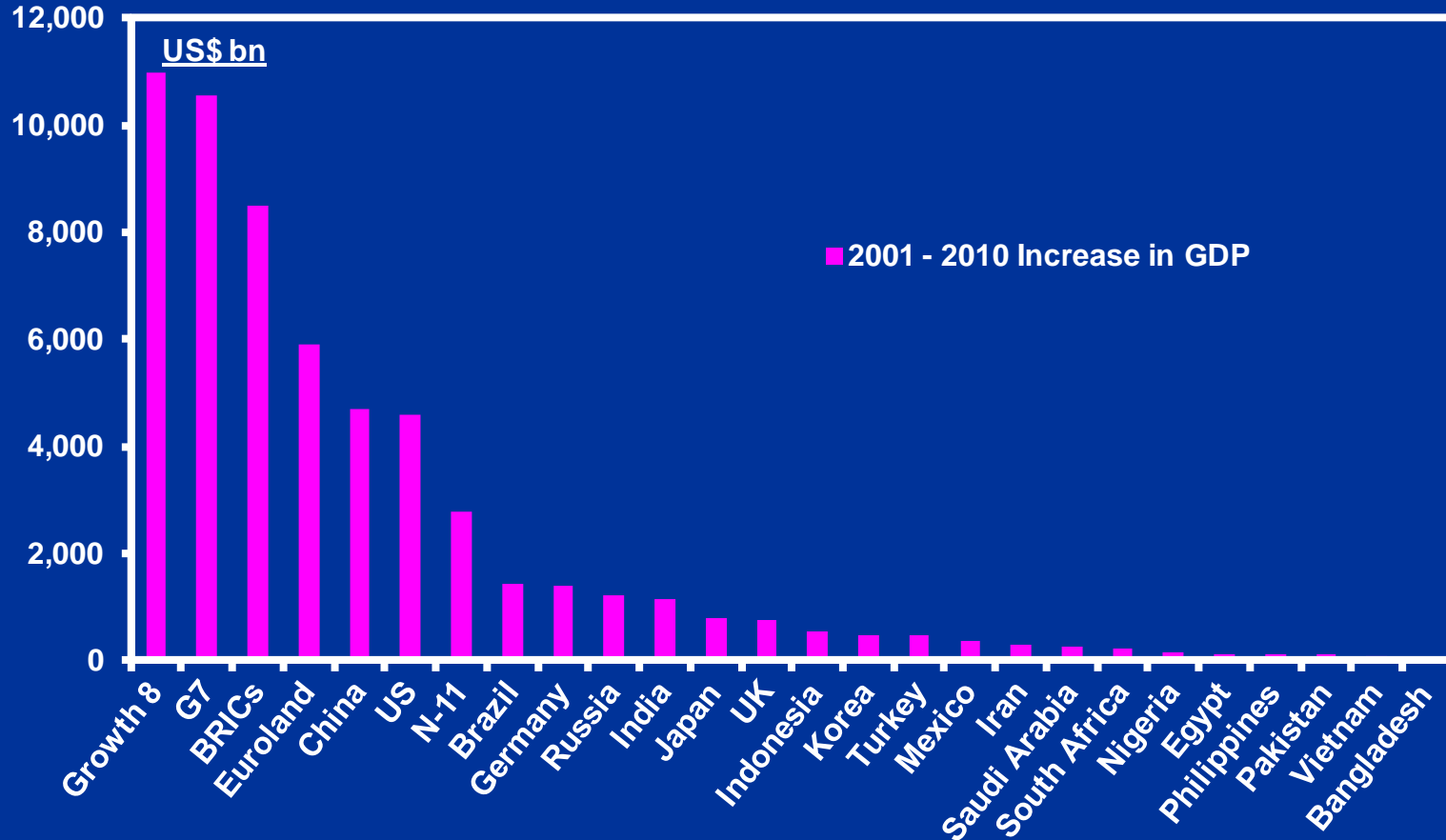
Source: IMF

World Top 20 Wealthiest Nations



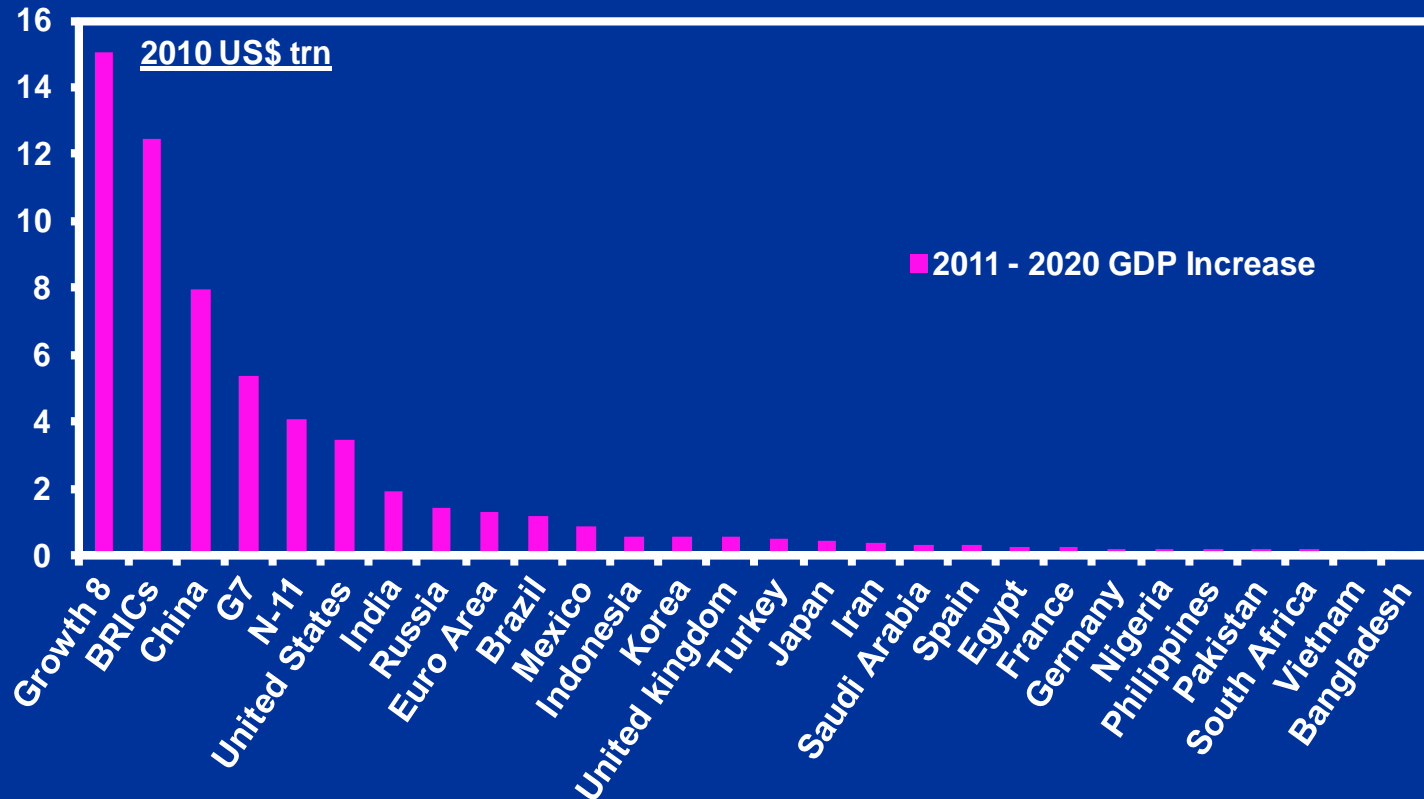
Source: IMF

2001 - 2010 Change in Global GDP



Source: IMF

Change in US\$ Size of GDP from 2011 to 2020



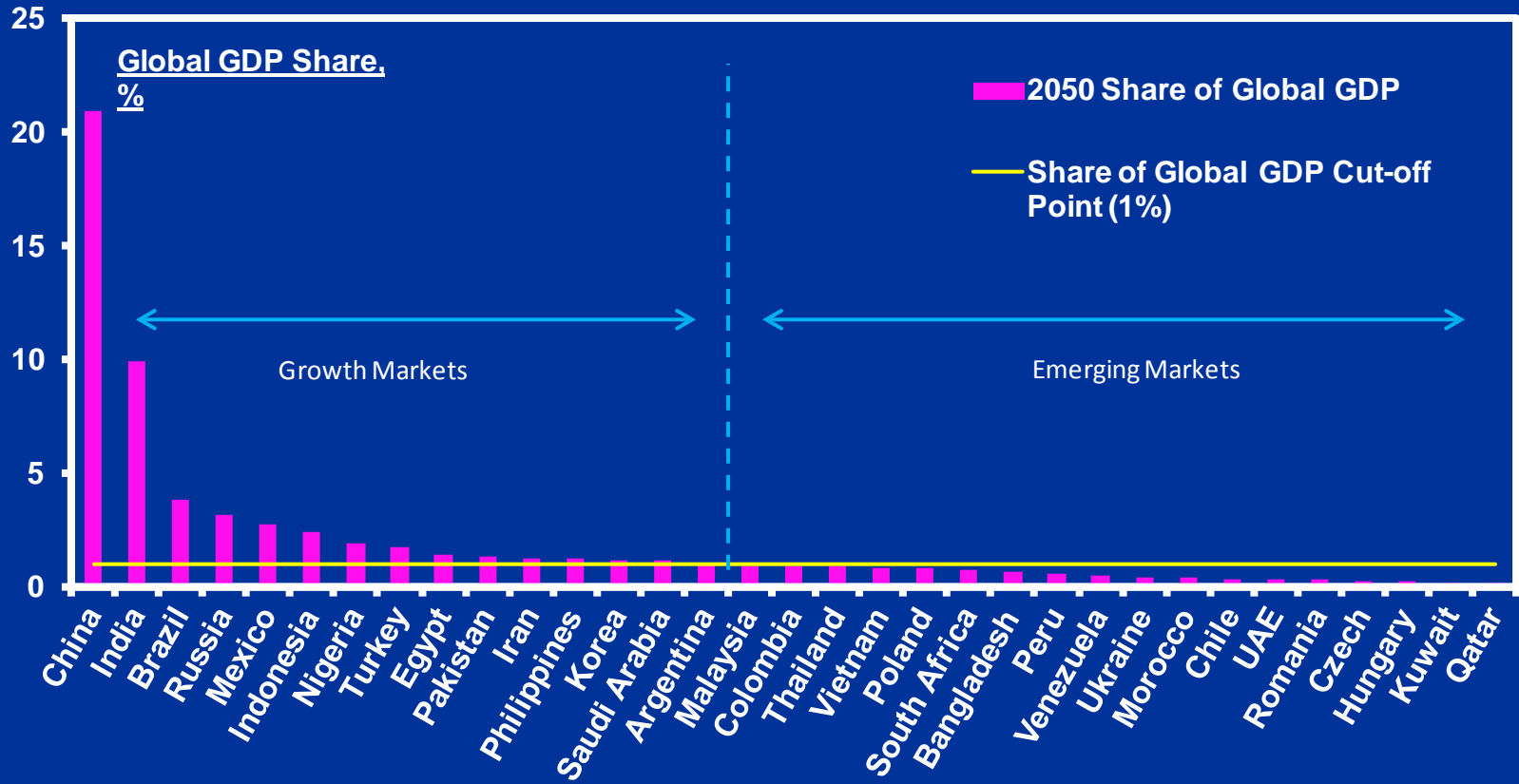
Source: GS Global ECS Research. GSAM Calculations

World GDP (Average Growth)

	1981-1990	1991-2000	2001-2010	2011-2020
World	3.3	3.3	3.5	4.1
United States	3.3	3.4	1.6	2.5
United Kingdom	2.8	2.5	1.4	2.0
Euro Area	2.4	2.3	1.2	1.5
Japan	4.6	1.2	0.7	1.0
China	9.3	10.5	10.5	7.5
India	5.6	5.6	7.5	7.5
Brazil	1.6	2.6	3.6	5.2
Russia	-	-2.1	4.9	5.4
BRICs	5.3	5.5	8.1	6.6
Growth Markets	5.1	5.2	6.9	6.2
N-11	4.5	4.4	4.2	5.3

Source: IMF, GS Global ECS Research and GSAM

Growth Market / Emerging Market Split



Source: GS Global ECS Research. GSAM Calculations

Top Three Export Markets for Developed Markets

	2000	2012	2020	2020 (half trend)
US	Canada (23%) Mexico (14%) Japan (8%)	Canada (19%) Mexico (14%) China (7%)	Canada (17%) China (16%) Mexico (14%)	<i>Canada (18%) Mexico (14%) China (11%)</i>
UK	USA (16%) Germany (12%) France (10%)	USA (14%) Germany (11%) Netherlands (8%)	USA (13%) Germany (10%) China (10%)	<i>USA (13%) Germany (10%) Netherlands (8%)</i>
Germany	France (11%) US (10%) UK (8%)	France (10%) US (8%) UK (7%)	China (15%) France (8%) Russia (7%)	<i>China (10%) France (9%) US (7%)</i>
Japan	United States (30%) Taiwan (7%) Korea (6%)	China (18%) United States (18%) Korea (8%)	China (36%) United States (12%) Russia (9%)	<i>China (26%) United States (15%) Korea (8%)</i>

Source: Haver Analytics and GSAM calculations

Calculated by extrapolating the trends in a country's export destination shares

Top Three Export Markets for the BRICs

	2000	2012	2020	2020 (half trend)
Brazil	United States (24%) Argentina (11%) Netherlands (5%)	China (17%) United States (11%) Argentina (7%)	China (71%) India (7%) Netherlands (7%)	<i>China (36%) United States (9%) Netherlands (7%)</i>
Russia	Germany (9%) Italy (7%) Italy (7%)	Netherlands (12%) China (6%) Italy (6%)	Netherlands (30%) China (8%) Italy (5%)	<i>Netherlands (19%) China (7%) Italy (5%)</i>
India	US (19%) UAE (6%) Hong Kong (6%)	US (13%) UAE (12%) China (5%)	UAE (20%) US (9%) China (9%)	<i>UAE (16%) US (11%) China (7%)</i>
China	U.S. (21%) Hong Kong (18%) Japan (17%)	U.S. (17%) Hong Kong (14%) Japan (8%)	U.S. (15%) Hong Kong (12%) Africa (6%)	<i>U.S. (16%) Hong Kong (13%) Japan (6%)</i>

Source: Haver Analytics and GSAM calculations

Calculated by extrapolating the trends in a country's export destination shares

Germany's Exports to Asia Rising – Stabilisation Elsewhere



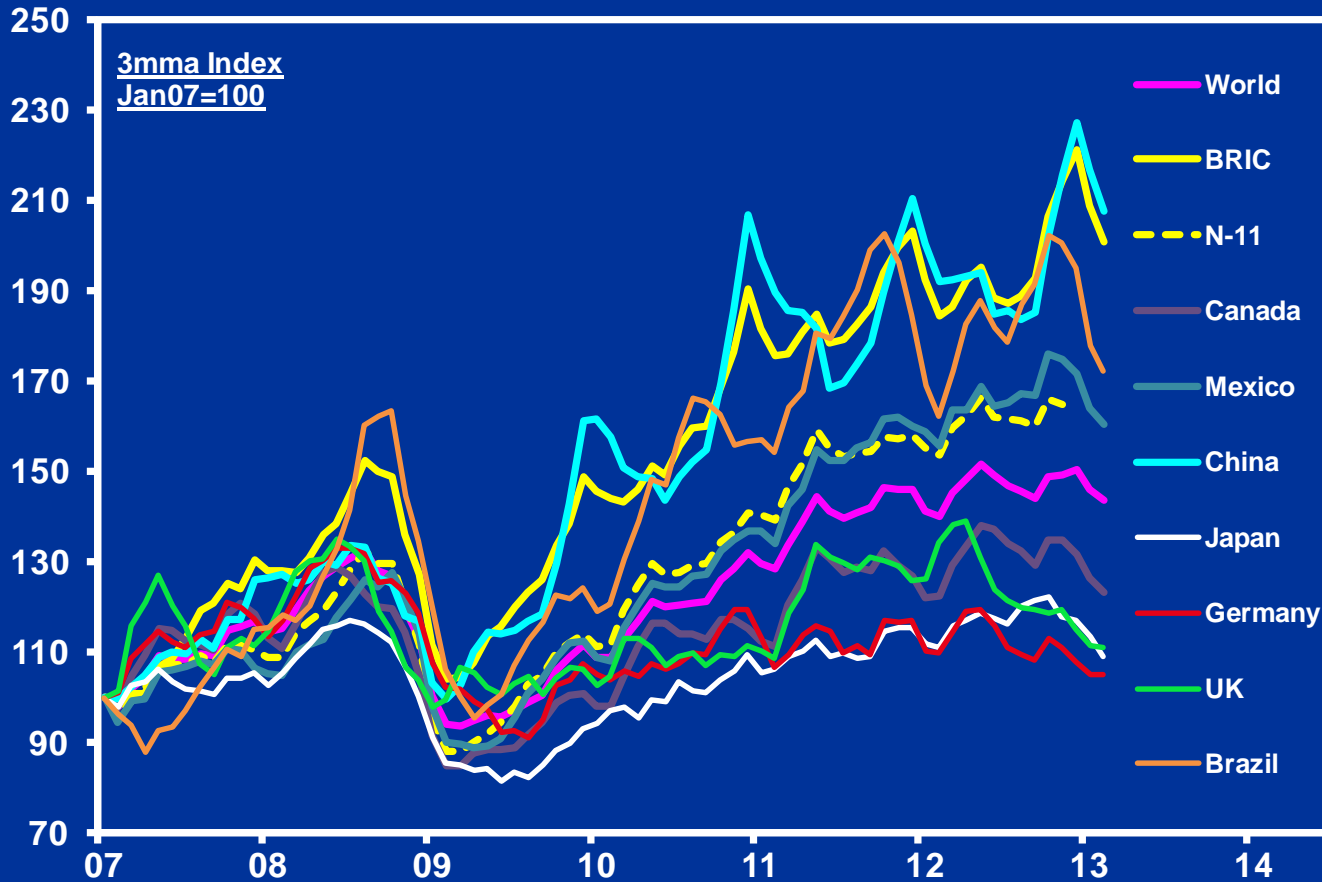
Source: Haver Analytics and GSAM calculations

German Export Market Shares

	2000	2012	Change in share since 2000	2020 Projected	2020 Projected (half trend)
Euro Area	45.5%	37.5%	-8.0%	33.0%	35.2%
BRIC	3.9%	11.6%	7.7%	23.9%	16.7%
France	11.3%	9.5%	-1.8%	8.5%	9.0%
US	10.3%	7.9%	-2.4%	6.6%	7.2%
UK	8.3%	6.6%	-1.6%	5.7%	6.2%
Netherlands	6.5%	6.5%	-0.1%	6.4%	6.4%
China	1.6%	6.1%	4.5%	14.9%	9.6%
Austria	5.4%	5.2%	-0.2%	5.1%	5.2%
N-11	4.1%	5.2%	1.0%	6.0%	5.5%
Italy	7.5%	5.1%	-2.4%	3.9%	4.5%
Switzerland	4.3%	4.4%	0.2%	4.6%	4.5%
Belgium	5.0%	4.1%	-1.0%	3.5%	3.8%
Poland	2.4%	3.8%	1.4%	5.2%	4.5%
Russia	1.1%	3.5%	2.4%	7.4%	5.1%
Czech Republic	2.1%	2.9%	0.7%	3.5%	3.2%
Spain	4.5%	2.8%	-1.6%	2.1%	2.4%
Sweden	2.3%	1.9%	-0.3%	1.7%	1.8%
Turkey	1.4%	1.8%	0.4%	2.2%	2.0%
Japan	2.2%	1.6%	-0.7%	1.2%	1.4%
Hungary	1.7%	1.5%	-0.2%	1.4%	1.4%

Source: Haver Analytics and GSAM

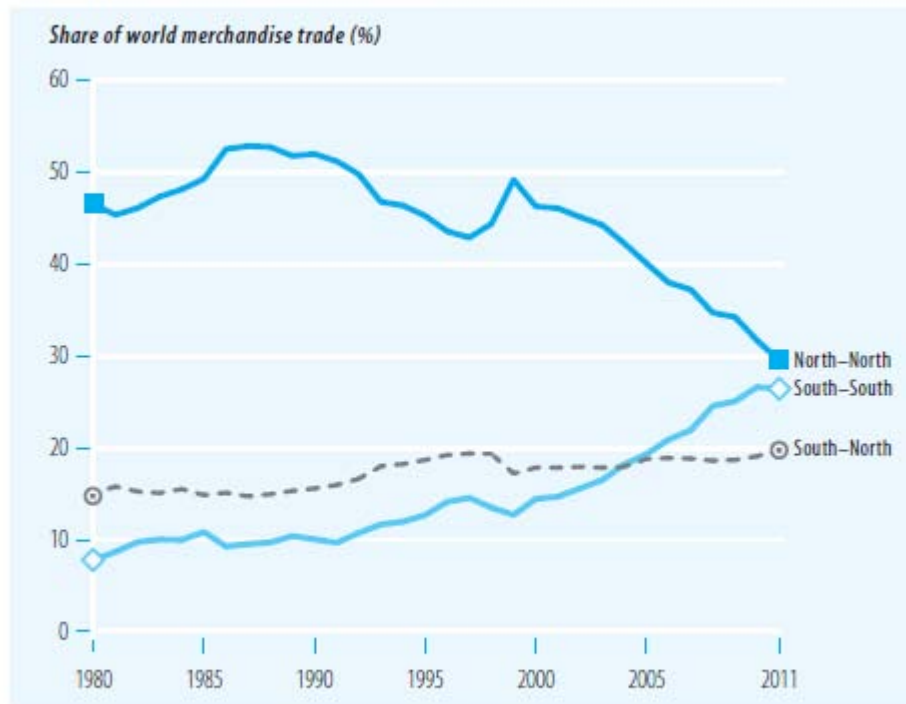
US Exports to Key Destinations



Source: Haver Analytics and GSAM Calculations.

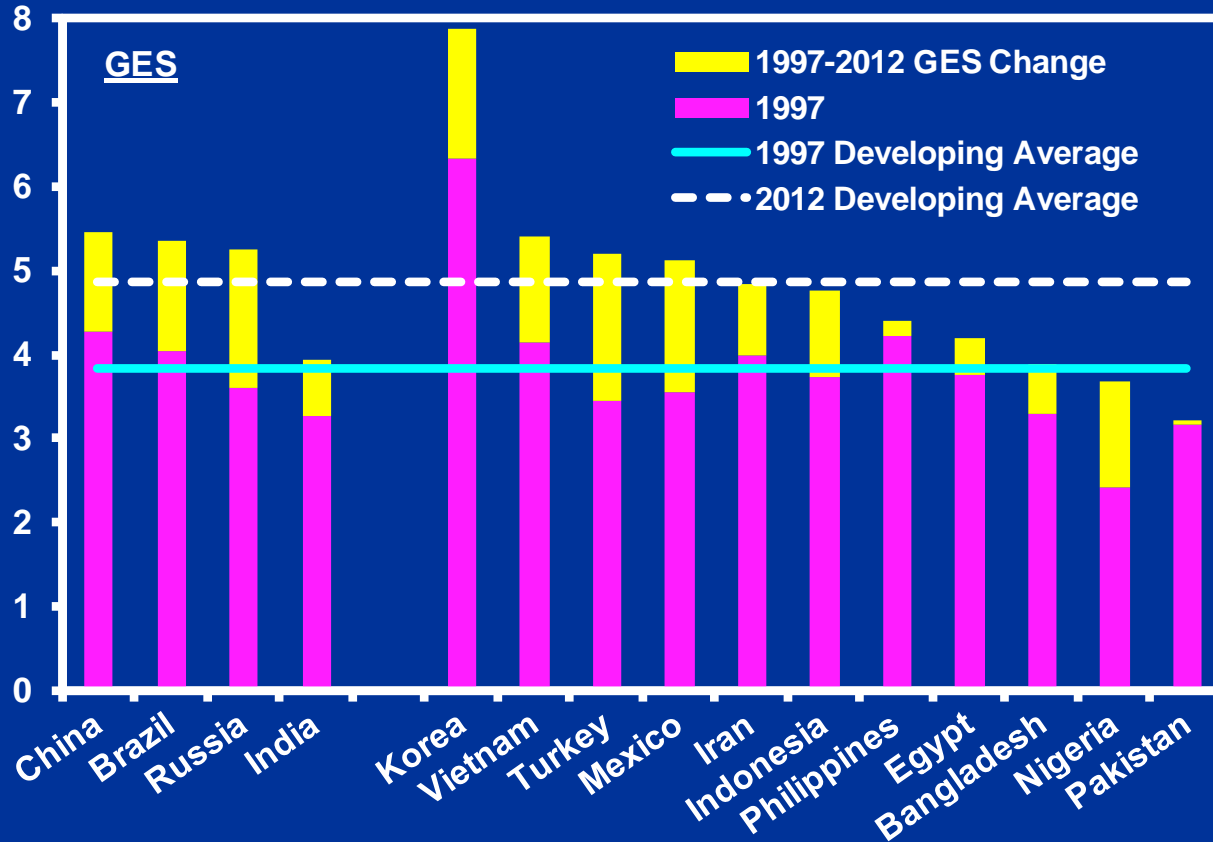
North-North and South-South Trade

As a share of world merchandise trade, South-South trade more than tripled over 1980-2011, while North-North trade declined



Note: North in 1980 refers to Australia, Canada, Japan, New Zealand, the United States and Western Europe.
 Source: HDRO calculations based on UNSD (2012).

BRICs & N11. 2011 Growth Environment Score (GES)



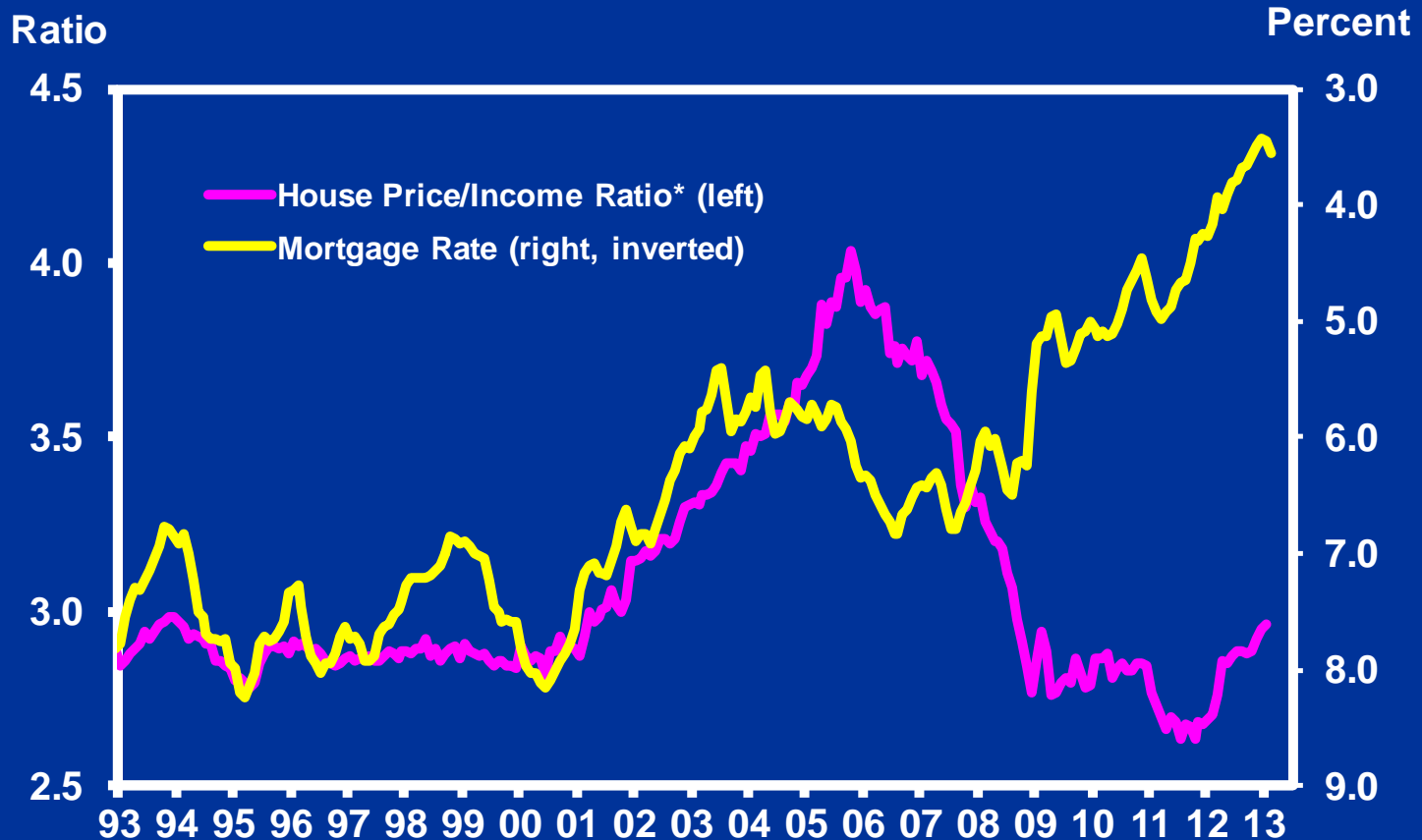
Source: GS Global ECS Research

GES For Growth Markets (and US)

	Korea	China	Brazil	Mexico	Russia	Turkey	Indonesia	India	US
Headline	7.9	5.5	5.4	5.1	5.3	5.2	4.8	3.9	6.8
Corruption	5.9	3.7	5.4	4.3	2.8	5.2	3.6	3.9	7.5
Rule of Law	7.0	4.1	5.0	4.1	3.4	5.2	3.7	4.8	8.2
Political Stability	5.5	3.6	4.9	3.6	3.3	3.2	3.4	2.6	6.1
Openness	5.2	3.6	1.8	3.8	2.5	2.9	3.0	3.3	2.1
Investment	5.7	9.1	3.9	4.1	4.6	4.0	6.5	5.9	3.0
Government Deficit	6.2	4.4	3.7	3.3	5.8	4.9	4.2	0.7	0.2
Public Debt	8.1	8.6	6.4	7.6	9.3	7.8	8.6	6.3	4.3
Inflation	10.0	9.6	9.3	10.0	8.8	9.3	9.6	8.7	10.0
Life Expectancy	9.2	7.7	7.6	8.3	6.8	7.7	6.8	6.0	8.7
Schooling	9.6	6.5	8.0	6.8	7.3	7.1	6.4	4.7	8.8
Personal computers	7.5	0.7	2.1	1.9	1.7	0.8	0.3	0.4	10.0
Mobile subscriptions	10.0	6.4	10.0	8.1	10.0	8.5	8.8	6.1	9.0
Internet users	9.3	3.9	4.6	3.5	4.9	4.5	1.2	0.9	8.4
Internet servers	9.9	0.0	0.2	0.1	0.1	0.6	0.0	0.0	6.2
Patent applications	10.0	2.0	0.8	0.9	2.0	0.3	0.1	0.2	10.0
R & D	8.0	3.7	3.0	0.9	2.6	2.1	0.2	2.0	7.1
Cost of starting a business	8.5	9.7	9.5	8.9	9.8	8.9	8.2	5.3	9.9
Urbanization	9.2	5.6	9.4	8.7	8.2	7.9	5.6	3.5	9.2

Source: GS Global ECS Research

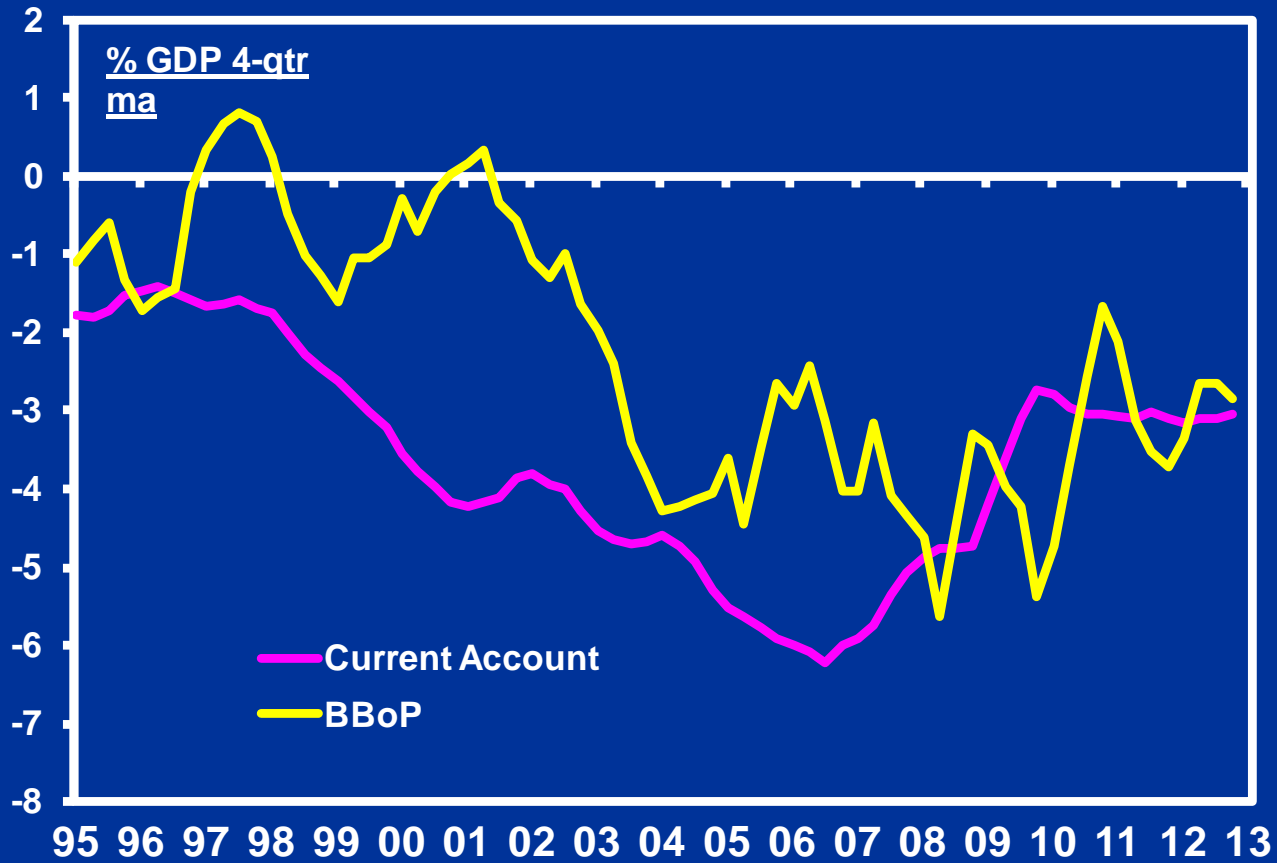
US House Prices vs Income



* S.a. median home price divided by median family income.

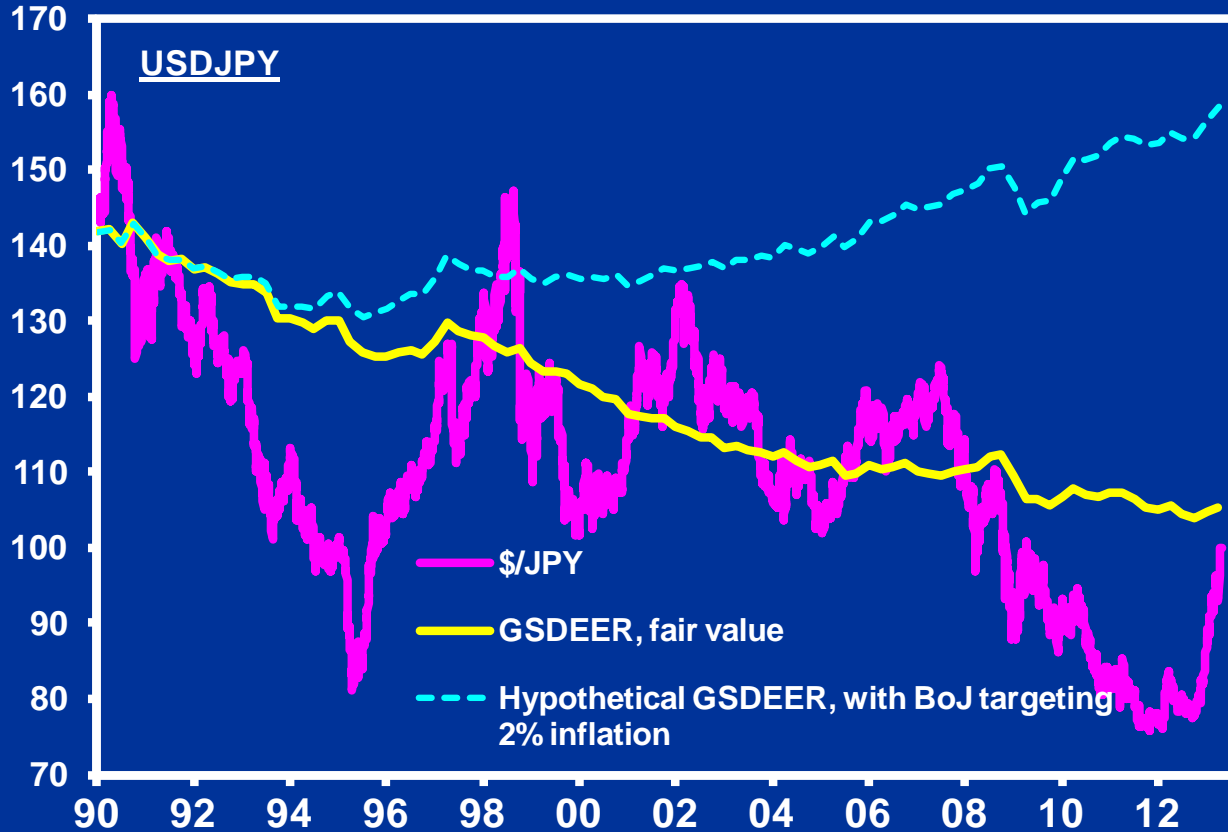
Source: Department of Commerce. FRB. NAR.

US BBoP vs Current Account



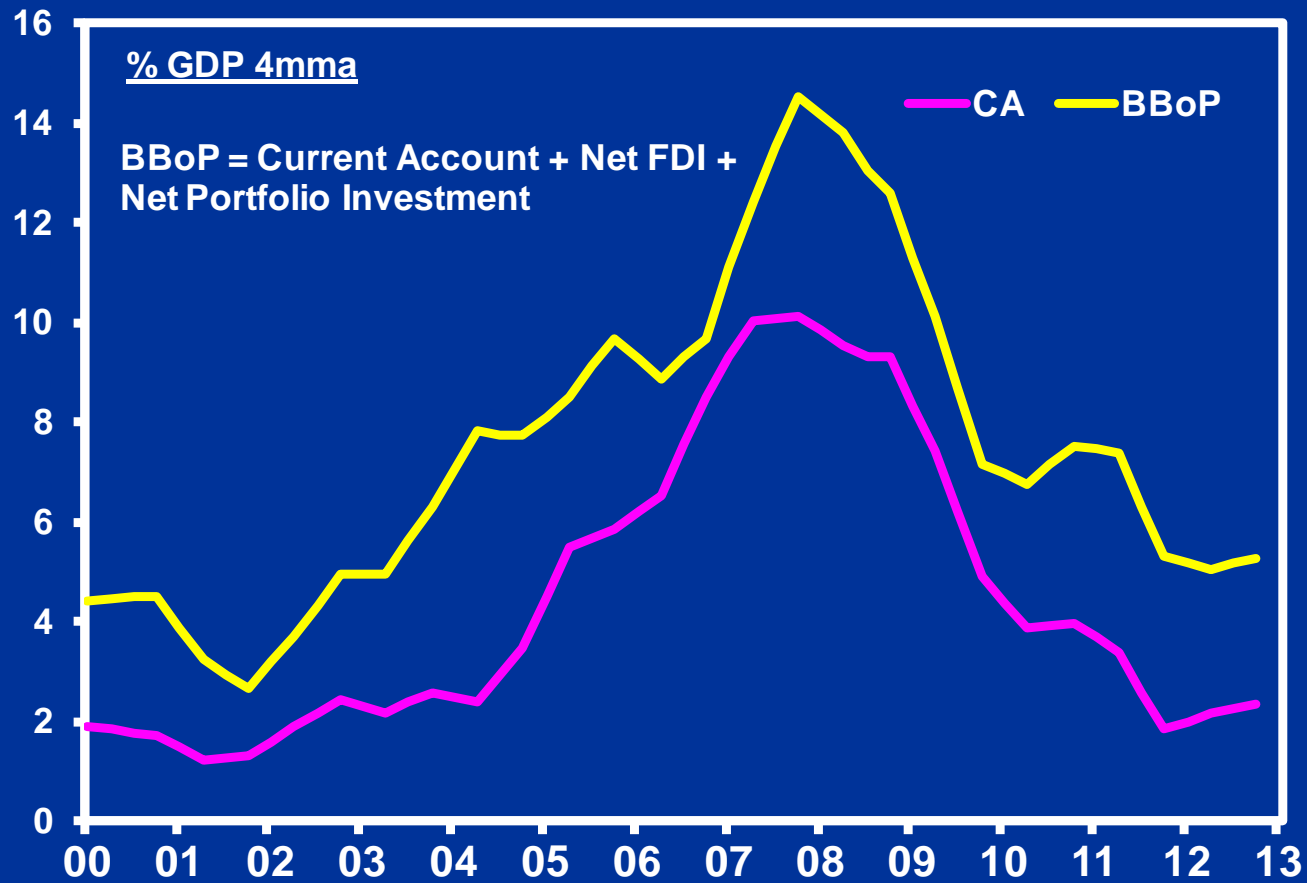
Source: GS Global ECS Research

USDJPY and GSDEER Fair Value



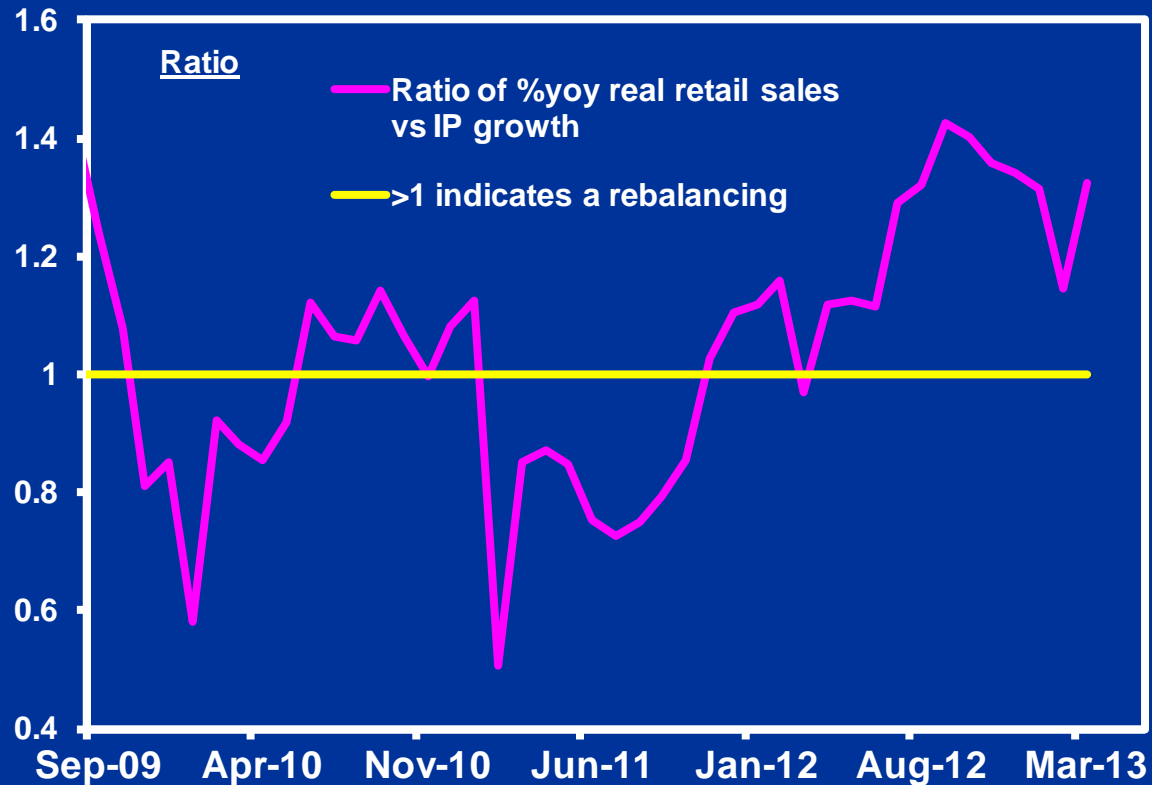
Source: GS Global ECS Research

China BBoP and Current Account Surplus



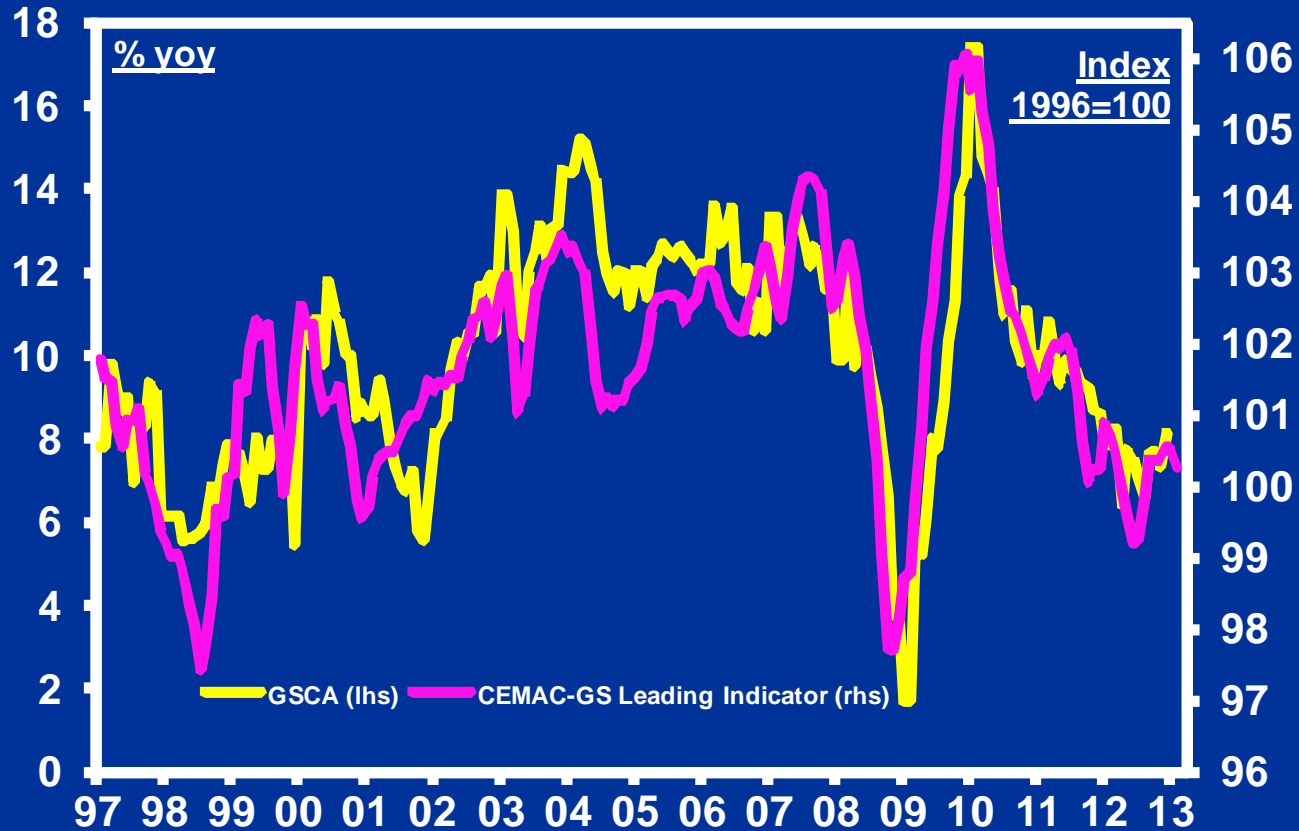
Source: Haver Analytics and GSAM calculations

China Retail Sales Versus IP



Source: Haver Analytics and GSAM calculations

China Lead Indicators



Source: GS Global ECS Research

Current Estimates for the Equity Risk Premium*

	Real GDP Growth	Real Earnings Growth	+ Dividend Yield	= Expected Real Return	- Real Bond Yield	= Implied ERP	Expected Inflation	Expected Nominal Return
US	2.5	2.5	2.1	4.6	-0.7	5.3	2.0	6.6
UK	2.3	2.3	3.2	5.5	-1.9	7.4	2.0	7.5
Europe ex UK	2.0	2.0	3.4	5.4	-0.1	5.5	2.0	7.4
Japan	1.5	1.5	1.7	3.2	-0.5	3.6	1.0	4.2
Brazil	5.0	5.0	3.7	8.7	3.9	4.8	4.5	13.2
China	7.5	7.5	4.1	11.6	0.4	11.2	3.0	14.6
India	7.5	7.5	1.6	9.1	3.9	5.2	4.0	13.1
Russia	5.0	5.0	4.8	9.8	0.8	9.0	6.0	15.8
GDP-weighted								
Advanced	2.2	2.2	2.5	4.7	-0.5	5.2	1.8	6.5
BRICs	6.7	6.7	3.8	10.5	1.5	9.0	3.8	14.3
World	3.5	3.5	2.9	6.4	0.0	6.3	2.4	8.8
PPP-weighted								
Advanced	2.2	2.2	2.5	4.7	-0.6	5.3	1.9	6.6
BRICs	6.9	6.9	3.6	10.5	1.6	9.0	3.7	14.3
World	4.1	4.1	3.0	7.0	0.3	6.7	2.6	9.6

* As of 11 April 2013

Source: GSAM Calculations

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Asset
Management

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